



SKELJUNGUR

INTERIM FINANCIAL REPORT - Q3 2021

ISK 574 MILLION PROFIT AFTER TAXES IN Q3 2021

**EBITDA IN Q3 AMOUNTED TO 1,308 MILLION,
UP BY 26% BETWEEN YEARS**

**PROFIT AFTER TAXES IN FIRST NINE MONTHS OF THE YEAR
UP BY 39%, TO ISK 1,036 MILLION**

KEY INDICATORS AND RESULTS OF Q3 2021

- Contribution margin 2,933 million ISK, up by 10.3% from Q3 2020
- EBITDA 1,308 million ISK, up by 26% from Q3 2020
- EBITDA margin 44.6%, as compared to 39% in Q3 2020
- Profit after taxes 574 million ISK, as compared to 470 million ISK in Q3 2020
- Return on equity annualized 13.8%, as compared to 10.2% in Q3 2020
- Earnings per share 0.30, as compared to 0.24 in Q3 2020
- Net cash provided by operating activities 2,128 million ISK, as compared to 666 million in Q3 2020
- Equity at the end of the quarter ISK 10,554 million; equity ratio was 34.9%

KEY INDICATORS AND RESULTS THE FIRST 9 MONTHS OF 2021 (9M 2021)

- Contribution margin 7,274 million ISK, up by 6.7% from first 9 months of 2020 (9M 2020)
- EBITDA 2,992 m million ISK, net of one-off expenditure, up by 31% from 9M 2020
- EBITDA after one-off expenditure 2,892 million ISK, up by 26.6% from 9M 2020
- EBITDA margin 37.2%, as compared to 31.4% in 9M 2020

- Profit after taxes 1,036 million ISK, as compared to 744 million ISK in 9M 2020.
- Return on equity annualized 13.8%, as compared to 10.2% in 9M 2020
- Earnings per share 0.54, as compared to 0.38 in 9M 2020
- Net cash provided by operating activities 1,255 million ISK, as compared to 1,861 m million in 9M 2020
- Equity at the end of the quarter ISK 10,554 million; equity ratio was 34.9%

PROSPECTS FOR 2021

At the time of publication of the annual financial statement for 2020, Skeljungur issued an earnings estimate projecting its EBITDA for 2021 in the range of 3,000-3,400 million ISK and investments in operating assets in the range of 750-850 million ISK. Last 28 September the Company updated its EBITDA guidance for the year to 3,500-3,700 million ISK.

The EBITDA guidance for the remainder of the year assumes a stable exchange rate and oil price. Note that conversions in the financial statements are based on the average exchange rate within the year. The Company's budget is based on the average exchange rate of DKK/ISK 20.2 for the final quarter of the year.

COMPARISON BETWEEN YEARS

ISK million	2021 3Q	2020 3Q	Δ
Gross profit	2,933	2,659	10.3%
EBITDA	1,308	1,038	26.0%
EBIT	946	707	33.8%
Net profit for the period	574	470	22.1%
Total profit for the period	632	572	10.5%

2021 9M	2020 9M	Δ
7,764	7,274	6.7%
2,892	2,285	26.6%
1,858	1,310	41.8%
1,036	744	39.2%
990	1,117	-11.4%

Ratios:	2021 3Q	2020 3Q
EBITDA ratio	44.6%	39.0%
EBIT ratio	32.3%	26.6%
Payroll expenses / gross profit	-30.0%	-35.5%
Other expenses / gross profit	-22.0%	-22.9%
Operating cost / Gross profit	-58.2%	-64.0%
Return on equity (year-on-year)		

2021 9M	2020 9M
37.2%	31.4%
23.9%	18.0%
-35.5%	-40.9%
-23.6%	-24.4%
-65.6%	-71.5%
13.8%	10.2%



ARNI PÉTUR JÓNSSON, SKELJUNGUR CEO:

“The Group’s performance in the third quarter was very good, one of the reasons being improved economic conditions and growing tourist numbers. On top of these trends, we managed to cut operating costs by over 6% in the first nine months of the year.

The business operations of Löður and Dælan were incorporated into the Skeljungur consolidation as of August 1st, but the impact on consolidated results in the third quarter were not significant. Lyfsalinn, where Skeljungur holds a 58% share, acquired Lyfjaver, which, among other things, operates a drive-in pharmacy in Hæðasmári in Kópavogur. The operation of Lyfsali will be incorporated into the consolidation’s accounts in the fourth quarter, along with our additional investment in Lyfsalinn. The result is that the number of pillars supporting our business operations in Iceland is growing.

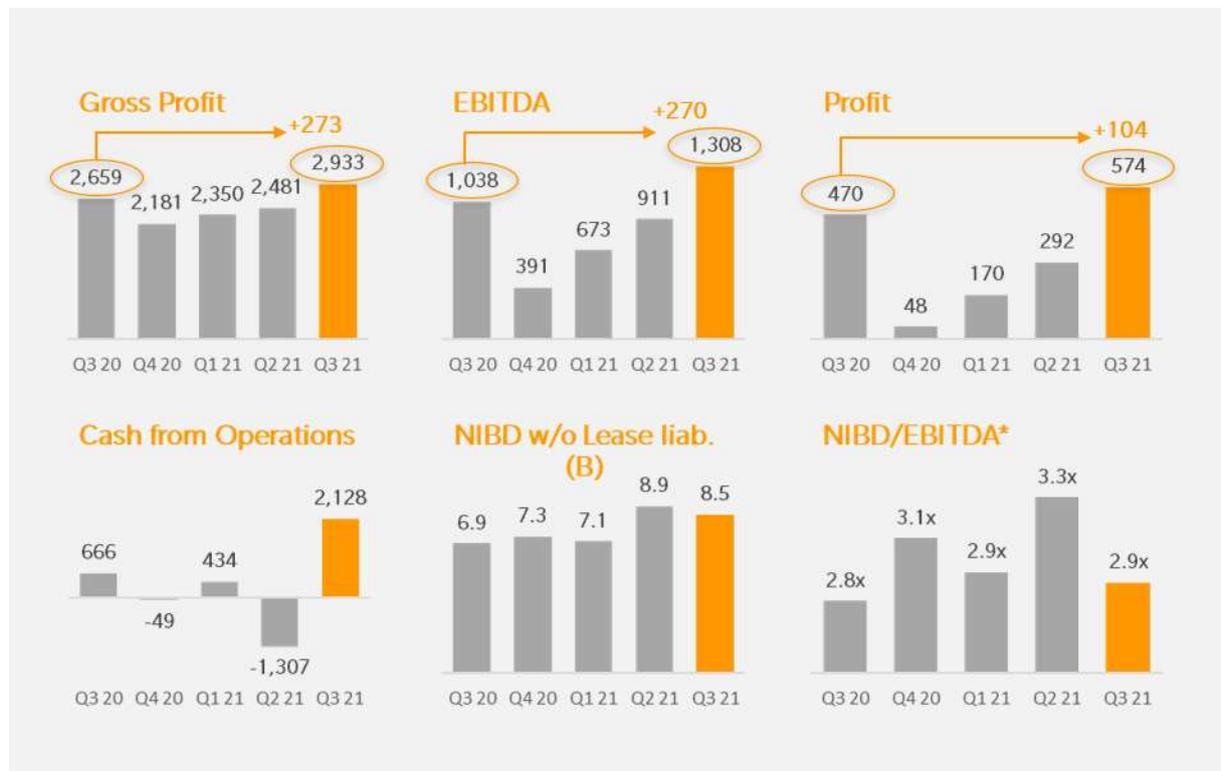
A shareholders’ meeting held earlier this month approved the compartmentalisation of Skeljungur’s business operations, entailing the establishment of three subsidiaries to cover the Company’s core business in Iceland. This work is in progress, and the subsidiaries are scheduled to take up operations this year.

There are also other major projects in the pipeline that have been announced, including a study of the feasibility of selling parts of the Company’s real estate portfolio.

Exclusive negotiations are ongoing with Sp/f Orkufelagið concerning the sale of the subsidiary P/F Magn in the Faroe Islands. The transaction is expected to close in November.

Work is continuing on the points of emphasis that we have presented before, i.e. cutting costs, streamlining our organisation, sharpening our focus on profit centres and taking advantage of opportunities that arise for advances.”

PRINCIPAL HIGHLIGHTS OF 3Q 2021 AND 9M 2021 (ISK MILLION)



*Excluding effect of IFRS 16



- ✓ Significantly improved performance between years, particularly in Iceland
- ✓ The price of oil has gone up over the year with a negative impact on working capital and cash flow for reasons of capital expenditure
- ✓ Net cash provided by operation strong in Q3
- ✓ Lööður ehf. and Dælan ehf. incorporated into consolidated accounts in August and September. Impact of those companies on Q3 results insignificant
- ✓ Lyfsalinn ehf., 58% holding, will enter the consolidated accounts in Q4



INCOME STATEMENT Q3 2021 (ISK MILLION)

	2021 Q3	2020 Q3	Δ	Δ%
Gross Profit	2,933	2,659	273	10.3%
Other Income	83	81	1	
Salaries	-878	-944	65	
Sales and Dist.	-644	-609	-35	
Other Opex	-185	-149	-36	
EBITDA	1,308	1,038	270	26.0%
EBIT	946	707	239	33.8%
Financial Items	-173	-104	-69	
Associated Companies	-50	-19	-31	
Taxes	-149	-113	-35	
Profit	574	470	104	22.1%
Total Comprehensive Income	632	572	60	10.5%
<i>EBITDA ratio</i>	44.6%	39.0%		
<i>EBIT</i>	32.3%	26.6%		
<i>OPEX/Gross Profit</i>	-55.4%	-61.0%		

- ✓ Margin up by 10.3% between years
- ✓ Net of translation difference and new companies, margin was up by 167 million ISK (6.3%)
- ✓ Operating cost down by 84 million ISK (4.9%) between years, taking into account translation difference and new companies
- ✓ EBITDA up by 270 million ISK between quarters
- ✓ Profit amounted to 574 million ISK, up by 104



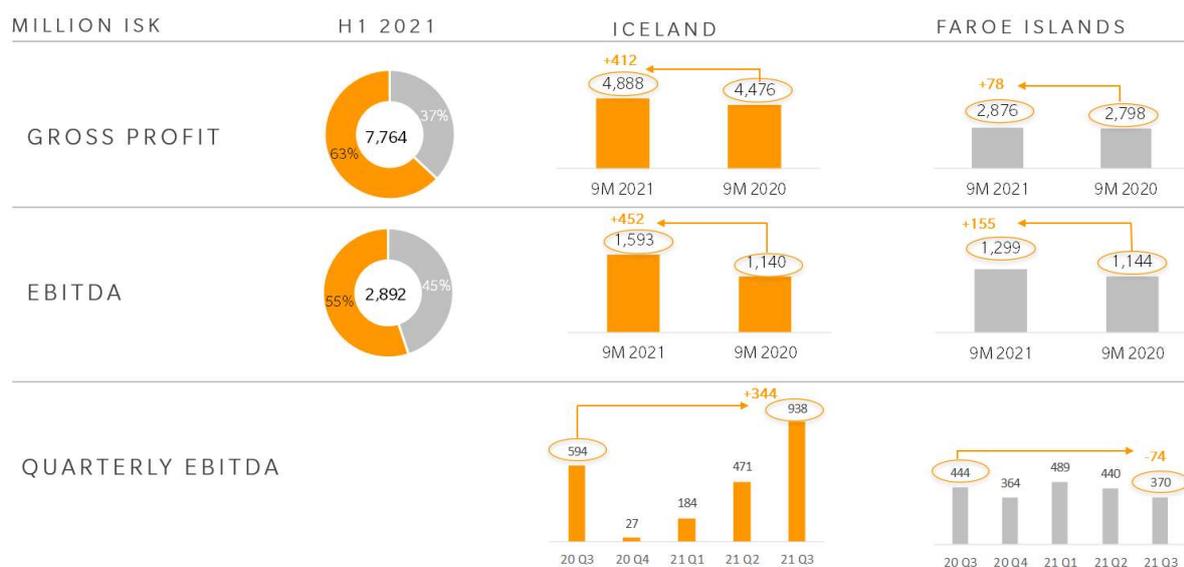
PROFIT AND LOSS ACCOUNT 9M 2021 (ISK MILLION)

	2021 9M	2020 9M	Δ	Δ%
Gross Profit	7,764	7,274	490	6.7%
Other Income	222	211	11	
Salaries	-2,754	-2,973	219	
Sales and Dist.	-1,831	-1,771	-60	
Other Opex	-509	-455	-54	
EBITDA	2,892	2,285	607	26.6%
EBIT	1,858	1,310	548	41.8%
Financial Items	-397	-288	-109	
Associated Companies	-151	-89	-62	
Taxes	-274	-190	-85	
Profit	1,036	744	292	39.2%
Total Comprehensive Income	990	1,117	-127	-11.3%
<i>EBITDA ratio</i>	<i>37.2%</i>	<i>31.4%</i>		
<i>EBIT</i>	<i>23.9%</i>	<i>18.0%</i>		
<i>OPEX/Gross Profit</i>	<i>-62.8%</i>	<i>-68.6%</i>		
<i>Return on Equity (yearly basis)</i>	<i>13.8%</i>	<i>10.2%</i>		

- ✓ Margin up by 6.7% between years
- ✓ Net of translation difference and new companies margin was up by 366 million ISK (5%)
- ✓ Operating cost down by 228 million ISK (4.4%) between years, taking into account translation difference and new companies and by 6.3% after one-off expenditure in Q1
- ✓ EBITDA up by 607 million ISK between years
- ✓ As regards impact of associated companies, 155 million ISK derive from Wedo ehf.
- ✓ Profit amounted to 1,036 million ISK, up by 292 million ISK between years



GEOGRAPHICAL BREAKDOWN (ISK MILLION)



BALANCE SHEET AS OF 30 SEPTEMBER 2021 (ISK MILLION)

M.kr.	30.9.2021	31.12.2020	Δ	30.9.2020	Δ
Intangible assets	5,141	4,629	513	4,761	380
Operating assets	11,579	11,264	316	11,249	331
Leasing assets	1,573	1,682	-109	1,706	-133
Associated companies	798	551	247	512	286
Non-current assets	19,091	18,125	966	18,228	863
Inventory	3,377	2,705	672	3,135	242
Receivables	6,645	3,373	3,272	4,655	1,990
Trading investment	0	223	-223	126	-126
Cash and Cash equivalents	1,103	1,078	25	1,339	-236
Current assets	11,125	7,378	3,746	9,254	1,871
Total assets	30,216	25,503	4,712	27,483	2,733
Equity	10,554	9,921	633	10,185	369
Deferred tax liability	532	392	139	296	236
Lease liabilities	1,740	1,820	-80	1,838	-99
Interest bearing debt	9,599	8,606	993	8,280	1,319
Payables	3,332	2,448	884	3,029	303
Other current liabilities	4,060	2,105	1,956	3,594	466
Other	399	212	187	260	138
Total Liabilities	19,661	15,582	4,079	17,298	2,364
Total equity and liabilities	30,216	25,503	4,712	27,483	2,733



<i>M.kr.</i>	30.9.2021	31.12.2020	Δ	30.9.2020	Δ
Working Capital	2,630	1,525	1,105	1,167	1,463
NIBD	8,496	7,305	1,191	6,941	1,555
Equity Ratio	34.9%	38.9%		37.1%	
Current Ratio	0.94	0.94		0.97	

- ✓ Net interest-bearing debt (NIBD), including trading shares, up by 1,191 million ISK from the turn of the year, but down by 446 million in Q3
- ✓ The increase in the size of the balance sheet from Q2 is largely explained by the inclusion of Port I (Löður/Dælan)
- ✓ Oil price rise hikes increased capital expenditure on inventory and claims
- ✓ Equity ratio 34.9%
- ✓ Dividend, 350 million, paid in early April
- ✓ Cash + undrawn lines of credit 4.26 billion at the end of Q3 2021

CASH FLOW

<i>M.kr.</i>	9M 2021	9M 2020	Δ
Cash from operations before interest and taxes	1,703	2,305	-602
Taxes and interests	-448	-445	-3
Net Cash from operations	1,255	1,861	-606
Investing activities	-1,895	-963	-932
Financing activities	701	-145	846
Net change in cash and cash equivalents	62	753	-692
Cash at beginning of year	1,078	506	572
Effect from exchange rates	-37	79	-116
Cash at end of period	1,103	1,339	-236

- ✓ Working capital from operating activities changed considerably as a result of changes in the price of oil, with capital expenditure on inventory, receivables and accounts payable increasing to a net figure of 1,166 million.
- ✓ Net cash from operations in Q3 amounted to ISK 2.1 billion.
- ✓ Acquisition price of Port I 1,015 million ISK under investment activities



INVESTOR MEETING NOT CONDUCTED

As of earlier statements Skeljungur has decided to conduct fewer investor calls and therefore no meeting will be held regarding Q3 financial report.

THIRD QUARTER INTERIM FINANCIAL REPORT

The principal points of this report derive from the Company's interim financial statement, which was approved by the Board of Directors at a meeting of the Board on 28 October 2021.

The interim financial statement includes the consolidated financial statement of the Company, the parent company statement of the Company and the statements of its subsidiaries. The statements are prepared based on International Financial Reporting Standards (IFRS). The interim statement has not been audited or reviewed by the Company's auditors.

For further information reference is made to the financial statement attached to this report.

For further information, please contact Árni Pétur Jónsson, CEO, and Ólafur Þór Jóhannesson, CFO, fjarfestar@skeljungur.is.



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